

Global Markets Research

Daily Market Highlights

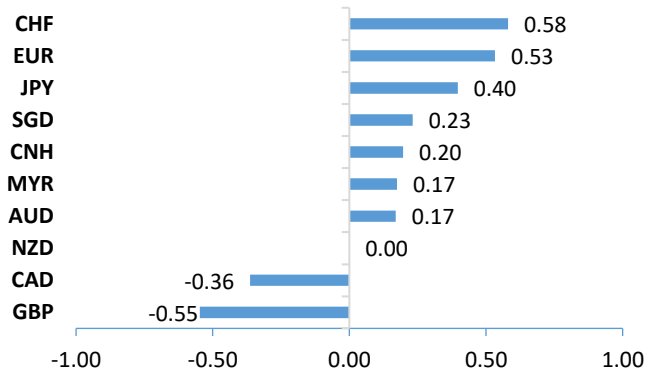
Key Takeaways

- **US stocks retreated slightly** on Tuesday after Monday's rally. The Dow Jones and S&P 500 closed lower by 0.3% and 0.1% but still hover near their all-time-high levels. NASDAQ was little changed (-0.05%). Meanwhile, the pan-European **Stoxx Europe 600 closed at record level earlier, erasing its pandemic losses**. Treasury yields fell 1 to 5bps along the curve as stocks pulled back, despite positive economic data. The yield on 10Y UST was 4.4bps lower at 1.66%. Cleveland **Fed President Loretta Mester said that she was not concerned over the recent upward movement in yields, citing brighter economic outlook**. In fact, the Bureau of Labour Statistics reported that **US job openings rose to a two-year high of 7.37mil in February**.
- Gold futures gained 0.8% to \$1741.5/oz amid the weak USD sentiment. Crude oil prices recovered some ground after the steep losses in the previous session. Brent crude managed to pick up nearly 1.0% to \$62.74/barrel. WTI edged up by 1.2% to \$59.33/barrel. **The IMF upgraded its growth forecast for the second time within three months**; it now expects the global economy to expand by 6.0% in 2021, compared to the estimated 5.5% pace announced in January. Earlier, **the RBA maintained its policy**.
- Eurozone's Sentix Investor Confidence Index recorded a sharp jump in April while its unemployment rate held steadily at 8.3%. China's Caixin Services PMI rose to 54.3 in March while Singapore's Markit PMI slipped to 53.5.
- The USD weakened a second consecutive day on Tuesday. DXY fell by 0.28% to close at 92.34. This was helped by a sharp pullback in US 10 year treasuries yields. We are **neutral to bearish USD**. With elevated dollar at this stage, there is some room for a softening of its current levels. We see a range of 91.80-93.00 for the upcoming sessions.
- USD/MYR ended Tuesday's session 0.2% lower at 4.1335. We are **neutral to bearish on USD/MYR** as the USD turned bearish this week and is likely to break our weekly forecast of 4.13-4.17. A breach below 4.13, if it happens, is likely followed by more neutral movements as markets eye the FOMC meeting minutes.

Market Snapshots

	Last Price	DoD %	YTD %
Dow Jones Ind.	33,430.24	-0.29	9.23
S&P 500	4,073.94	-0.10	8.46
FTSE 100	6,823.55	1.28	5.62
Hang Seng	28,938.74	1.97	6.27
KLCI	1,578.91	-0.34	-2.97
STI	3,207.63	-0.07	12.79
Dollar Index	92.34	-0.28	2.67
WTI oil (\$/bbl)	59.33	1.16	22.28
Brent oil (\$/bbl)	62.74	0.95	21.12
Gold (\$/oz)	1,741.50	0.84	-8.11
CPO (RM/tonne)	4,135.00	0.43	9.16

FX Daily Change vs USD (%)



Source: Bloomberg

Overnight Economic Data

Eurozone	China
Singapore	

Up Next

Date	Events	Prior
07/04	EU Markit Eurozone Services PMI (Mar F)	48.8
	UK Markit/CIPS UK Services PMI (Mar F)	56.8
	US MBA Mortgage Applications (02 Apr)	-2.2%
	US Trade Balance (Feb)	-\$68.2b
08/04	US FOMC Meeting Minutes (17 Mar)	--
	UK RICS House Price Balance (Mar)	52%
	HK Markit Hong Kong PMI (Mar)	50.2
	EU PPI YoY (Feb)	0.0%
	US Initial Jobless Claims (03 Apr)	719k

Source: Bloomberg

Macroeconomics

Eurozone's investor confidence ticked up in April; February's unemployment rate stable at 8.3%:

- Eurozone's investor sentiment jumped in April in anticipation for further recovery growth in 2021. The Sentix Investor Confidence gained sharply to 13.1 in April, from 5.0 in March. The reading was much higher than the consensus estimates of 6.7. The current situation index turned less negative (-6.5 vs -19.5 prior) while the gauge of investor expectation for the next six months rose to a record high (34.8 vs 32.5 prior).
- In a separate report, unemployment rate in the Eurozone was unchanged at 8.3% in February (Jan: 8.3% revised). The continuously stable jobless rate reflects the role played by governments' unemployment schemes which had largely absorbed the pandemic related shocks in the labour market.

China's services activity surged in March:

- China's Caixin Services PMI rose to 54.3 in March, from 51.5 in February, signalling a solid increase in Chinese services activity after the Lunar New Year celebration and is in line with the official PMI reading.

Singapore's Markit PMI lower in March:

- Singapore's Markit PMI slipped to 53.5 in March, from 54.9 in February, suggesting a softer rate of growth in its private sector economy. The PMI however remained comfortably above 50, thus does not warrant much concern.

RBA maintained policy as expected:

- RBA kept cash rate and target for 3-year Australian bond yield at 0.1% as expected. The term funding facility and bond purchases were maintained respectively. It said that the rollout of vaccines is supporting global recovery although it mentioned that the "recovery is uneven". There are still considerable uncertainties regarding the outlook but it said that the central case has improved.
- On the domestic front, it said that "the economic recovery in Australia is well under way and is stronger than had been expected". "The recovery is expected to continue, with above-trend growth this year and next". However, wage and price pressures are subdued and are expected to remain so for some years. It added that underlying inflation is expected to remain below 2 per cent over the next few years.
- Importantly, RBA said that it would monitor trends in housing borrowing. It said that the housing boom was driven by first-time buyers and investor credit growth remained subdued.
- RBA concluded by reaffirming its dovish stance and repeated that it would not increase the cash rate until actual inflation is sustainably within the 2-3% target range.
- It continued to stress the importance for wages growth to be materially higher than it is currently, which requires significant gains in employment and a return to a tight labour market. It does not expect these conditions to be met until 2024 at the earliest.

Forex

MYR (Neutral-to-Bullish)

- USD/MYR ended Tuesday's session 0.2% lower at 4.1335. We are neutral to bearish on USD/MYR as the USD turned bearish this week and is likely to break our weekly forecast of 4.13-4.17. A breach below 4.13, if it happens, is likely followed by more neutral movements as markets eye the FOMC meeting minutes.

USD (Neutral-to-Bearish Outlook over 1 Week Horizon)

- The USD weakened a second consecutive day on Tuesday. DXY fell by 0.28% to close at 92.34. This was helped by a sharp pullback in US 10 year treasuries yields. With elevated dollar at this stage, there is some room for a softening of its current levels. We see a range of 91.80-93.00 for the upcoming sessions.

EUR (Neutral-to-Bullish)

- EUR/USD gained a second consecutive day, up by 0.53%. Pair reached a close of 1.1876, from previous 1.1813. At depressed levels, we see some room for EUR/USD to examine 1.1900 big figure. Gains may be capped by Europe's rising Covid-19 cases and lockdowns.

GBP (Neutral-to-Bullish)

- GBP/USD underperformed on Tuesday's session, down by 0.55% to close at 1.3824 after a 1.3802 low. Pound was dampened by some profit taking and short positions post-Easter, despite positive fundamentals. UK Prime Minister Boris Johnson has announced that lockdown easing will start from April 12 onwards. We see possibility of pair testing 1.4000 resistance, with support around 1.3780.

JPY (Neutral-to-Bullish)

- USD/JPY recovered by 0.40%, with pair now down to 109.75 after above-110 levels a day earlier. We now see some room of downsides after prior stretched levels. Support at 109.20 while resistance at 111.00. A fresh wave of Covid-19 infections and lockdowns in Japan may limit yen gains.

AUD (Neutral-to-Bullish)

- AUD/USD inched up by 0.17%, closing at 0.7664 from the previous 0.7651. This comes as the RBA kept policy settings unchanged. A softer dollar may place some emphasis on 0.77-and-above levels. Support close to 0.7600, while resistance at 0.7730.

SGD (Neutral-to-Bullish)

- USD/SGD was down by 0.23% amid some softer dollar movements. This brought the pair towards a close of 1.3390. Markit PMI was positive despite slight moderation. With SGD resilience, focus is on support at 1.3370 before attention shifts to the 1.33 big figure. Resistance now firming around 1.3470.

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